



Summary of General Provisions of Nebraska Tax Incentive Programs Under LB 312

QUALIFICATIONS								
PROVISION	NEBRASKA ADVANTAGE RURAL DEVELOPMENT ACT			NEBRASKA ADVANTAGE ACT				
	Level 1	Level 2	Livestock Modernization	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Begins	1-1-2006	1-1-2004	1-1-2007	1-1-2006				
Ends	N/A			12-31-2010	N/A	12-31-2010	N/A	
Application	Required			Required				
Application Fee	\$500			\$1,000	\$2,500		\$5,000	\$2,500
Nebraska Location	One county of less than 15,000 inhabitants or one designated enterprise zone	One county of less than 25,000 inhabitants or one designated enterprise zone	Anywhere	Anywhere				

REQUIRED LEVELS								
PROVISION	NEBRASKA ADVANTAGE RURAL DEVELOPMENT ACT			NEBRASKA ADVANTAGE ACT				
	Level 1	Level 2	Livestock Modernization	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Investment	net gain of \$125,000	net gain of \$250,000	net gain of \$50,000	\$1,000,000 ^[v]	\$3,000,000 ^[v]	N/A	\$10,000,000 ^[v]	\$30,000,000 ^[v]
Employment	2	5	none	10	30		100	no loss
Wage Level	\$8.57 (2005) \$8.93 (2006) \$9.25 (2007)		N/A	60% ^[ii] (\$18,905 for 2006) (\$19,452 for 2007)				
Indexing	Wage level		N/A	Wage and investment levels				
Attainment Period	Up to 2 tax years			Up to 5 tax years	Up to 7 tax years	Up to 5 tax years	Up to 7 tax years	
Entitlement Period	2 tax years			6 or 7 tax years	7 tax years	6 or 7 tax years	7 tax years	
Carryover Period	N/A			0 to 3 tax years	2 to 8 tax years	0 to 3 tax years	2 to 8 tax years	N/A
Maintenance Period	3 tax years after credits earned			Entitlement period				
Eligible Participant	Person subject to income tax or financial institution tax. A partnership, limited liability company, S corporation joint venture or cooperative.			Person who is or whose owners are subject to sales and use tax and withholding tax or is exempt under section 521 of IRC.				

BUSINESS ACTIVITIES								
PROVISION	NEBRASKA ADVANTAGE RURAL DEVELOPMENT ACT			NEBRASKA ADVANTAGE ACT				
	Level 1	Level 2	Livestock Modernization	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Research and Development	Qualified		Non-qualified	Qualified				
Manufacturing of Tangible Personal Property (TPP)	Qualified		Non-qualified	Qualified				
Software Development, Computer Design ^[iv]	N/A		Non-qualified	Qualified				
Data Processing	Qualified		Non-qualified	Non-qualified	Qualified			
Telecommunications	Qualified		Non-qualified	Non-qualified	Qualified			
Insurance Services	Qualified		Non-qualified	Non-qualified	Qualified			
Financial Services	Qualified		Non-qualified	Non-qualified	Qualified			
Warehousing, Distribution of TPP	Qualified		Non-qualified	Non-qualified	Qualified			
Transporation of TPP	Qualified		Non-qualified	Non-qualified	Qualified			
Retail Sales of TPP if more than 20% ^[vii]	Qualified		Non-qualified	Non-qualified	Qualified			
Administrative Management	Of any taxpayer activity		Non-qualified	Non-qualified	Of any activity of taxpayer or entities with 10% common ownership			
Ranching and Livestock Operation	Qualified			Non-qualified				
Farming Operation	Non-qualified			Non-qualified				
Restaurants	Non-qualified			Non-qualified				
Contractor and Repair Person	Non-qualified			Non-qualified				
Most Retailers Except Those Stated Above	Non-qualified			Non-qualified				

BENEFITS								
PROVISION	NEBRASKA ADVANTAGE RURAL DEVELOPMENT ACT			NEBRASKA ADVANTAGE ACT				
	Level 1	Level 2	Livestock Modernization	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Direct Refund of Sales Tax on Qualified Property or an Aircraft	N/A			50% of tax on property placed in service in attainment and entitlement periods.	Property placed in service in attainment and entitlement periods.	N/A	Property placed in service in attainment and entitlement periods.	
Investment Credit on Qualified Property	\$2,750 investment credit earned for each \$50,000 net gain in qualified property available for use.		10% of investment, limit of \$30,000.	3% investment credit earned from date of application through end of the entitlement period.	10% investment credit earned from date of application through end of the entitlement period.	N/A	10% investment credit earned from date of application through end of the entitlement period.	N/A
Credit on Employment Growth	\$3,000 employment credit earned for each new full time equivalent Nebraska employee.		N/A	Compensation credit equal to percentage of taxable wages of new employees. The percentage is from 3% to 6% based on the average wage.				N/A
Personal Property Tax Exemption ^[iv]	N/A			N/A			Aircraft from year after application. Other after reaching required levels. Through ninth December 31 after year of qualification.	N/A
USE OF CREDITS								
PROVISION	NEBRASKA ADVANTAGE RURAL DEVELOPMENT ACT			NEBRASKA ADVANTAGE ACT				
	Level 1	Level 2	Livestock Modernization	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Retain Withholding	N/A			Limited to the amount of compensation credit or withholding attributable to new employees.				N/A
Credit Refund of Sales and Use Taxes Paid on Purchases at the Project	Refund of state sales and use taxes. Up to the amount paid on increased investment in the year credits are earned.			During the entitlement and carryover period and to the extent of credits earned in a prior year.				N/A
Credit to Reduce Income Tax Liability	Refundable credit by a taxpayer filing a NE income tax return.			Credits may be used after other non-refundable credits to pay up to 100% of NE unitary tax liability.				N/A
Distribution of Credits to Owner of Flow-through Entity	Credits may be distributed in the same manner as income and used to pay up to 100% of NE income tax liability.			Credits may be distributed in the same manner as income and used to pay up to 100% of NE income tax liability.				N/A

USE OF CREDITS (continued)								
PROVISION	NEBRASKA ADVANTAGE RURAL DEVELOPMENT ACT			NEBRASKA ADVANTAGE ACT				
	Level 1	Level 2	Livestock Modernization	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Qualified Property is Tangible, Depreciable Property	Except for motor vehicles, aircraft, or railroad rolling stock, and property rented to another party.			Except for aircraft, barges, motor vehicles, railroad rolling stock, watercraft, and property rented to another party.		N/A	Except for aircraft, barges, motor vehicles, railroad rolling stock, watercraft, and property rented to another party.	
Owned Property	Valued at original cost.			Valued at original cost.		N/A	Valued at original cost.	
Rented, Qualified Property	Average net annual rent multiplied by a number of years, not to exceed 10 years.			Average net annual rent multiplied by a number of years, not to exceed 10 years.		N/A	Average net annual rent multiplied by a number of years, not to exceed 10 years.	
Reports by Project	1-1-2006		1-1-2007	1-1-2006				

^[i] The wages paid must be at least 60% of the state average wage for the application year.

^[ii] Software development, computer design, product testing, guidance and surveillance system design, or licensing of technology if 75% of sales are to persons outside the state of Nebraska or to the United States government.

^[iii] Retail sale of TPP if more than 20% is: at wholesale; manufactured by seller; or sold to others in a qualified activity.

^[iv] Personal property tax exemption on turbine-powered aircraft, mainframe business computers and some peripherals, and equipment involved directly in processing an agricultural product or for LB 312, distribution center equipment used to store or move products.

^[v] The investment levels were indexed and remain the same for 2007.